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# Future of OPIC Seen at Stake in ITT Insurance Inquiry

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Sen. Frank Church (D-Idaho) has launched a two-pronged effort to investigate the handling of the unsettled \$92.5 million International Telephone and Telegraph Corp. claim for government-sponsored insurance resulting from the expropriation of its properties in Chile.

Church, who heads the newly created Senate Foreign Relations subcommittee on multinational corporations, is trying to determine whether any investigation has been made of ITT's political and economic activities in Chile and whether the corporation in any way "provoked" the expropriation of its holdings.

ITT's claim became "mature" on Sept. 29 in accordance with the contract with the government-sponsored Overseas

whether this relieved OPIC of any liability to ITT.

At the same time Church has requested Elmer B. Staats, Comptroller General of the General Accounting Office, to undertake full review of OPIC, which would include OPIC's procedures in investigating the ITT claim.

Lurking behind the questions being posed by Church is the congressional power of the purse that could withhold funds from the agency if it made payments to ITT after

insufficient investigation. OPIC requested an \$85 million appropriation for the next fiscal year, which Congress has already cut in half.

Also looming in the background is the possibility that ITT could invoke a curious clause in the insurance contract that absolves the corporation from responsibility for "provoking" a takeover if that action was "taken in compliance with a specific request of the government of the United States of America."

What Church appears to be trying to determine is whether the threat of such a defense, which would obviously be very embarrassing to the government, in any way influenced the investigation of the claim.

Additionally, there is the

about ITT's links with the present administration.

Under ITT's contract with OPIC, the insurer has six months after the claim becomes mature to make a determination on whether to pay it.

ITT has repeatedly told its

stockholders that it anticipates to recover losses. In its second quarterly report this year, ITT stated:

"Subsequent to the corporation's recording the claim for

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Private Investment Corp., which requires that the expropriatory action must continue for a year.

Following the Chilean takeover alleged that the corporation had attempted to prevent the 1970 election of Chilean president Salvador Allende and subsequently sought covert U.S. government assistance to prevent his inauguration.

In a letter dated Sept. 20, Church asked OPIC's President Bradford Mills a series of four questions concerning ITT's claim, specifically to determine whether the government-funded insurance company has carried out an investigation to determine whether the alleged activities of ITT executives in Chile constituted a "provocation" leading to expropriation of the properties. Church also has asked

still unexplained tentative ITT subsidy to the Republican national convention and its alleged connection to the settlement of antitrust cases against the conglomerate corporation. This has raised questions

# Probe Begun of ITT Insurance Claims

## OPIC From A33

insurance, OPIC asserted that certain documents regarding alleged ITT activities in Chile upon which recent statements in the press were allegedly based, have a bearing on ITT's right to compensation, or on the amount thereof. The corporation believes it will ultimately be compensated for the loss of these properties in an amount at least approximately equal to the \$22,500,000 claim which has been filed."

### Dip in Reserves

An OPIC spokesman said that ITT has paid premiums on its insurance for properties in Chile amounting to a total of \$3,167,618. Thus a payment of anything approaching the \$92.5 million claim would mean dipping into OPIC reserves that have been built up over the years from taxpay-ers-supported congressional appropriations, premiums and earnings on investments.

OPIC insurance reserves now total \$103.1 million, according to a spokesman. There is an additional \$19 million in unallocated reserves that can be added either to the insurance account or the loan account.

OPIC reserves have already been diminished by payments of claims to companies expropriated by Chile since the Marxist-oriented Allende took power. OPIC has paid the Andean Company \$11.9 million on an expropriation claim, leaving an additional \$154 million claim in dispute. It has

also paid the Ralston Purina company \$614,475 on an expropriation claim, of which OPIC recovered \$48,000 from the Chilean government. More claims are anticipated.

In the Ralston Purina claim, OPIC made the determination that the appointment by Chile of an "intervenor" to run the corporation constituted expropriation under the terms of the insurance contract because the "intervention" con-

tinued for a year.

This was the strongest indication yet that OPIC was favorably considering the ITT claim, since ITT was similarly "intervened." Following the Anderson charges, however,

ADB's legislation to formally extend that the government—

expropriate the corporation, by granting or withholding in-

house of the Chilean parlia-ment unanimously and is still pending in the upper house.

**Compensation Discussed**

Prior to the Anderson dis-

closures, ITT and the Chilean government held discussions on compensation for the corpora-tion's properties. Chilean

officials charged that ITT re-fused a series of proposals for purchase, saying that the cor-

poration was dragging its feet on the assumption that Uncle Sam would bail it out. Chilean officials charged that ITT, by

involving claims on its gov-

ernment-sponsored insurance,

power. OPIC has paid the An-

dean Company \$11.9 million on a compensation from OPIC than it could from a long-term agree-

ment with Chile.

ITT places the value of its

multinational corporations to expropriated holdings at \$150 million. The Chilean govern-

ment says it is closer to \$24 million. Disclosure of ITT's alleged

activities in Chile, meanwhile, led to widespread questioning of the wisdom of U.S. pro-

grams that tended to foster among multinational corpora-

tions a sense of partnership with the government.

**Insurance to Cover Risk Capital**

Insurance to cover risk capital abroad was established to encourage private corpora-

tions to supplement U.S. aid into less developed countries.

As a result, private corporations became an instrument of U.S. government policy to the

degree to permit two of the agency's officials to check the corporation's books and in-

stallations in the country sometime before Oct. 16.

At the embassy's insistence, the officials met with Chilean Ambassador Orlando Letelier last week in Washington. A letter from OPIC followed for-

mally asking for the Chilean government's cooperation in look at OPIC itself.

multinational corporations to the investigation. The Chilean

expect U.S. protection of their embassy here then asked for background material on the

two men designated to go to Santiago. An embassy official said the information had been received and forwarded to Chile, but no reply has yet gone out to OPIC.

OPIC has also requested documents from ITT similar to those that were given to the Senate Foreign Relations Committee. These documents remain classified.

Some Chilean officials claim that OPIC is interested only in a pro forma investigation prior to full payment of the ITT claim after the U.S. elec-

tion in November. Church's requests for information from the government insurance

agency seemed designed to force a more thorough check of ITT, and, in turn, a hard